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legitimizes purchasing counterfeits**

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This is a post-peer-review, pre-copyedit version of an article published in the Journal of Brand Management.

The definitive publisher-authenticated version of Lee, Yang-im and Trim, P.R.J. (2019) Refining brand strategy: Insights into how the "informed-poseur" legitimizes purchasing counterfeits, Journal of Brand Management, DOI: 10.1057/s41262-019-00153-x is available online at:

<https://dx.doi.org/10.1057/s41262-019-00153-x>

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# **Refining brand strategy: Insights into how the “informed-poseur” legitimizes purchasing counterfeits**

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**There is no conflict of interest.**

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# **Refining brand strategy: Insights into how the “informed-poseur” legitimizes purchasing counterfeits**

## **Abstract**

In this paper, we examine how brand managers can utilize the knowledge function to devise a brand strategy that reinforces a luxury brand’s reputation and counteracts the actions of counterfeiters. We explain why brand managers need to develop insights into how knowledge is utilized so that they can understand the behaviour of the “informed-poseur”. Attention focuses on how the knowledge function addresses the conflict between the “social” function and the “self-ego” function when consumers consider purchasing counterfeits. We extend existing knowledge by identifying two sub-groups: the “Informed poseur-realistic” and the “informed poseur-neo”, and distinguish between the two sub-groups by making links with their social context. This adds to our knowledge of how millennials think and make purchase related decisions, and how brand managers can develop brand portfolio strategies that highlight the uniqueness of the value proposition and communicate more effectively with the “informed-poseur” group. A small group interview and survey were used to collect data and the findings suggest that when an “informed-poseur” considers purchasing a counterfeit product, they corroborate their actions by utilizing the knowledge function, which takes them through various cognitive and evaluative processes.

**Key words:** Brand, Counterfeits, Knowledge, Luxury, Millennials, Strategy

# **Refining brand strategy: Insights into how the “informed-poseur” legitimizes purchasing counterfeits**

## **Introduction**

Two decades ago, Nueno and Quelch (1998) informed us that there was a global demand for luxury products and that the consumers of luxury products are getting younger. Berthon et al., (2009, p.47) suggest that a luxury product should be viewed in terms of “the material, the social, and the individual” as opposed to just attributes. A luxury brand/service is high in quality, has a prestigious image, commands a premium price and resonates with the buyer (Ko et al., 2017). This view is adhered to by Okonkwo (2009) and it can be deduced that luxury goods are known to satisfy psychological and functional needs (Wiedmann et al., 2012). Another point to note is that luxury brands are now affordable to middle-market consumers as opposed to just the privileged few (Tsai, 2005). Berthon et al., (2009) add further to our understanding by highlighting the fact that brand managers need to be aware that ubiquity, which results because of replication, makes a luxury good less exclusive and as a consequence its uniqueness is diminished. By drawing on functional theories of attitudes we establish how attitudes influence the purchase of luxury products. In order to do this, we address issues such as the knowledge that individuals possess as well as how they interact with their peers, and how they communicate their inner desires (motivations). The key point to note is that as individuals become more affluent they move away from a utilitarian attitude, whereby a product is viewed as a means to an end, to a higher level of appreciation (social-adjustive) whereby they equate the purchase of the latest and most prestigious product in the market with their actual or intended social status (Grewal et al., 2004).

As regards the Internet, Okonkwo (2009) is of the view that brand managers need to adopt a less rigid approach to marketing luxury products and embrace the opportunities provided. Indeed, Geerts and Veg-Sala (2011) suggest that producers of luxury brands have designed and installed their own websites and in some cases have opened online shops. Veloutsou and McAlonan (2012) suggest that brand managers should pay attention to how customers use search engines and in particular, how the quality of feedback received influences the level of disloyalty. Also, the technology in place is being rapidly extended and developed, and digitalized networked arrangements are evolving that require brand managers to view brand value creation in a different context (Ramaswamy and Ozcan, 2018), and possibly from the stance of co-value creation. However, as well as the positive aspects associated with the Internet, there is a downside that marketers need to be aware of. The threat of counterfeiting is of concern to marketers because as Mavlanova and Benbunan-Fich (2010-2011, p.80) state, consumers cannot examine a product before they purchase it online and unscrupulous traders are known to “make unstoppable claims about the quality or origin of their offerings”.

Reflecting on the fact that individual consumers have different motivations and view a product as providing certain benefits that do in fact fulfil different goals (Grewal et al., 2004), there is the risk that a counterfeit will be purchased even though it is known to be a fake. For example, prior research (e.g. Wilcox et al., 2009; Han et al., 2010) has established that an individual’s economic situation and their tendency towards materialism prove influential as regards counterfeit-prone behaviour. Also, younger consumers with lower education and income levels appear vulnerable to being counterfeit-prone (Sharma and Chan, 2011). In 2005, the international trade in counterfeit and pirated goods stood at US\$200 billion (OECD 2008), and reached US\$461 billion or 2.5% of world trade in 2013 (OECD 2016). When domestically produced and consumed non-genuine goods and digitally pirated products are

included with internationally traded counterfeit and pirated goods, the overall amount was projected to reach between US\$1,220 billion to US\$1,770 billion by 2015 (Frontier Economics, 2011). In 2017, it was estimated that globally, online counterfeiting stood at US\$323 billion and luxury brands accounted for around US\$30 billion of this total; counterfeiting per se was thought to have reached US\$1.2 trillion and was on course to rise to US\$1.82 trillion by 2020 (Global Brand Counterfeiting Report 2018). To assist us understand the complexities involved, we draw on the following quotation from Lai and Zaichkowsky (1999, p.180): “A counterfeit is a 100% direct copy usually having inferior quality, although not always. A counterfeit good is one which the manufacturer produces with the intention of deceiving the customer by leading buyers to believe that they are purchasing the genuine article”. Grossman and Shapiro (Randhawa et al., 2015) state that counterfeiting can be either deceptive or non-deceptive (i.e. an individual makes a conscious decision to buy a fake). Sharma and Chan (2011) argue that counterfeits represent good brand names at what can be considered competitive prices. Bearing in mind that morality concerns behaviour (Kirmani et al., 2017), it is important also to remember that consumers make trade-offs when making a purchase decision. By recognizing that counterfeiting is widespread, brand managers can adopt a pro-active approach to the problem and develop brand-protection policies that help counteract the actions of counterfeiters (Wilson et al., 2016).

Counterfeiters understand well the psychological aspirations of consumers and seek to “infringe trademarks, design rights and patents” or infringe copyright (OECD 2016, p.16). The demand for counterfeit and pirated goods is driven by: (i) product features (eg., price and quality); (ii) the general economic situation of individual consumers; and (iii) the institutional environment (eg., risk of discovery or availability of counterfeit and pirated products) (OECD, 2016). Associated with the demand for counterfeits is the pressure to conform to

social and peer pressure and be seen to enjoy a certain lifestyle. Counterfeiting (especially clothes and accessories) is a growing problem as it is easy to produce alternatives to genuine branded products at a fraction of the cost (Commuri, 2009; Priporas et al., 2015; Randhawa et al., 2015). Another problem associated with counterfeits is the limitation of quality materials for authentic products (Kadirov, 2015). Luxury brands are at risk because they represent high involvement products and are linked with emotion and personal identity (Wolny and Mueller, 2013), hence brand managers need to understand the motivations of consumers to purchase luxury products. A worrying conclusion drawn by Francis et al., (2015) from their research is that some consumers appear to display loyalty to purchasing counterfeit products and this suggests that they associate such products with a definable product category.

The quality and image of counterfeits is improving through time, and brand managers need to be aware that the trust between the producer and the consumer will be challenged even more (Shu-Chen et al., 2006). Those purchasing counterfeits may not be fully aware of the risks involved (e.g., damage to their reputation, health hazards, and unknowingly contributing to and assisting criminal activities)(Priporas et al., 2015). The risk associated with purchasing online is expected to increase (Park et al., 2005), because counterfeiters are focusing on exploiting a person's naivety by deceiving them into thinking that they are buying a genuine (or value for money) product. There are of course other factors that surface that are lifestyle oriented. Hence, brand managers need to pay attention to how online consumers interpret signals (Martin et al., 2011), because according to Areni (2003), argument-driven persuasion (which applies to well informed individuals contemplating purchasing high-involvement products) can be a deciding factor in determining an individual's behaviour. Brand managers also need to know how consumers use social media to search for information and knowledge online (Habibi et al., 2015) and what the outcomes of the interactions are. This is because the

social function triggers a set of attitudes that interact with emotion and embrace risk perception, and influence how individuals justify their motivation, intentionally purchase counterfeits, and defend their ego-oriented approach.

Much of the research carried out into counterfeit purchasing behaviour is focused on the social function (social-adjustive and value-expressive aspects of attitudes) and is mostly quantitative in nature. It is focused on how individuals improve their appearance, social status, gain acceptance among peers or express their values/beliefs (Wilcox et al., 2009; Han et al., 2010; and Priporas et al., 2015). Most of the research ignores the ego-defensive and knowledge functions, and how these interact with other functions to (dis)encourage individuals from purchasing counterfeit products (Sharma and Chan, 2017). Reeve (2009) suggests that consumers acquire social needs in various ways: experience, development and socialization. In addition, the majority of studies into branding and counterfeiting utilize a similar quantitative methodological approach, however, alternative approaches can be used to establish new insights into cognitive involvement and product evaluations by identifying both the positive and negative influences of attitude that underpin counterfeit purchase intentions (Park-Poaps and Kang, 2018). It has been argued that limited research has been undertaken regarding the special preferences of groups/cohorts of consumers in relation to the Internet and this is amiss because millennials represent a profitable segment and will be consuming online for years to come (Veloutsou and McAlonan, 2012). Indeed, Smith (2012) is of the view that millennials are a key force in terms of online shopping.

In this paper, we focus on explaining how the knowledge function (that includes finance and emotion) is used to moderate interactions between the social (social-adjustive/value expressive) and the ego-defensive functions in counterfeit purchasing behaviour; and how it

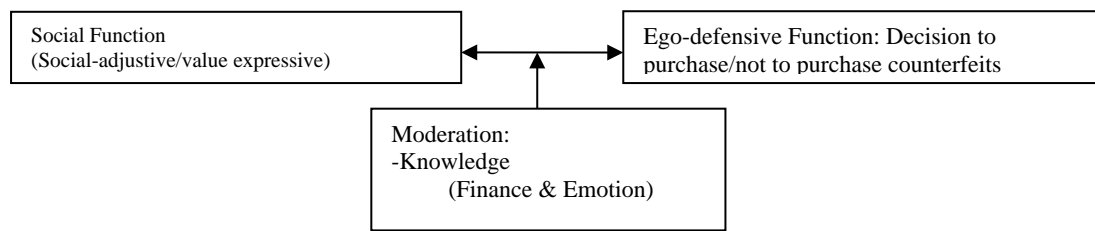


is utilized by individuals to justify their actions and fulfil their emotional needs. Drawing on the work of Grewal et al., (2004) regarding the knowledge function, individuals can be divided into those that have a high level of product knowledge and those that have a low level of product knowledge. Furthermore, individuals with a value-expressive attitude express their values and self-identities to their peers and seek social acceptance as does those that exhibit attitudes pertaining to the social-adjustive function; and those that have a strong self interest or vested interest exhibit the utilitarian function so that they maximize the rewards available. By utilizing this theory, we address and offer insights as to how and why brand managers can utilize the knowledge function when devising a brand strategy that reinforces a luxury brand's reputation and counteracts the actions of counterfeiters. We narrow down the focus of our investigation by focusing on how millennials utilize their knowledge when responding to emotional needs. The main advantage of studying members of a generational cohort is that they possess similar "values, beliefs, preferences, motivations, and behaviors" (Young and Hinesly, 2012, p.146). To the best of our knowledge, there is a gap in the literature that needs to be addressed, although we acknowledge that Penz and Stottinger (2012) provide guidance as to the emotional aspects associated with why people purchase counterfeit goods. In addition, Bian et al., (2016) have carried out research into psychological motivation and emotional outcomes, and Marticotte and Arcand (2017) have studied how emotion relates to purchasing counterfeits. Also, Sharma and Chan (2017) add to the body of knowledge by focusing their research on counterfeit product evaluation, purchasing intention and dissuasion. We extend our understanding of how consumers use knowledge to justify their counterfeit purchase decision by building on the work of Han et al., (2010) and identifying two sub-groups (informed-poser-realistic and informed-poser-neo). In order to understand the complexities involved, we adopted a qualitative research strategy as this allowed us to gain a deeper understanding of how individuals make trade-offs in terms of risk perception

and purchase justification (Priporas et al., 2015). The relevance of this, is providing insights that can be drawn on to reinforce a company's anti-counterfeiting strategy(ies) (Wilson and Sullivan, 2016). Furthermore, we add to the existing body of knowledge relating to counteracting the behaviour of counterfeiters (Wilson, 2017). Therefore, our contribution covers a gap in the literature and enhances our understanding as to how and why people purchase counterfeits and in particular, we extend the literature relating to consumer personality types (Randhawa, Calantone and Voorhees, 2015).

Diagram 1 outlines the basic conceptual framework for the research undertaken and is drawn from the extant literature. We concur with the view that it is important for brand managers to take into account the concept of moral reasoning when studying why people purchase counterfeit goods (Eisend and Schuchert-Guler, 2006). Such an approach will, we feel, help brand managers to deepen their understanding of what motivates people to consume counterfeits, and help them to formulate a brand strategy to counteract the actions of counterfeiters. We build on the insights provided by Han et al., (2010) and develop further the knowledge relating to why consumers and potential consumers of luxury brands think and act as they do. By adopting a holistic approach, we add to the existing knowledge relating to how consumers use the knowledge function and hope to stimulate further research into functional theories of attitudes as purported by Katz (1960) and Shavitt (1989) vis-à-vis brand management strategy.

**Diagram 1: Conceptual framework**



## **Theoretical underpinning**

### *The knowledge function and the Internet*

The functional view of attitudes has been used widely by researchers in order to place individuals in appropriate groups (Schade et al., 2016). The social-function helps individuals to identify members of their social group (social-adjustive), and/or helps an individual to express their central values and beliefs to other people (value-expressive). The social adjustive routine helps people to maintain their social relationships smoothly and efficiently and/or gain acceptance from others (Snyder and DeBone, 1989). It can be argued that the social function encourages people to purchase counterfeit luxury products if they have limited finance, so that they are admitted to a social group they aspire to join, adjust their status or express their own values (Shavitt, 1989; Wilcox et al., 2009). The Ego-defensive function relates to how individuals defend their “self-image” and maintain “self-esteem” (Smith et al., 1956; Abrams and Hogg, 1988). The ego-defensive function allows an individual to adjust/avoid anxieties (desire to project a better “self-image” and/or increase “self-esteem”) that is caused from internal, emotional conflict as well as pressure from external influences such as peer groups and the need to conform to social trends. Individuals cope with anxieties through various mechanisms such as denial, repression and protection against threats (Eagly and Chaiken, 1993). Such attitudes help to defend self-image (Abrams and Hogg, 1988). The ego-defensive function may also encourage individuals to purchase a luxury brand to boost their self-image or self-esteem. It may equally prompt individuals to

find an excuse that justifies why they purchased a counterfeit good. The knowledge function helps individuals to collect, structure, store and utilize complex information. This is the basis from which attitudes are formed and provides consistency of behaviour (Herek, 1987). Knowledge relating to a product arrangement and specific product categories helps individuals to define criteria relating to their decision making (Betterman et al., 1998) as well as to differentiate between genuine products and counterfeits.

Research into luxury brand consumption is well established and Hudders (2012) puts forward the view that in order to understand why individuals consume luxury products, it is necessary to study both the emotional and functional dimensions and establish what personal rewards and qualities are being sought by the actual consumers of luxury brands. It is known that materialistic consumers view the purchase of a luxury good as identity enhancing (Hudders, 2012) and it is for this reason that counterfeiters consider them vulnerable, especially those consumers that seek a price advantage and are prepared to accept inferior quality (Park-Poaps and Kang, 2018).

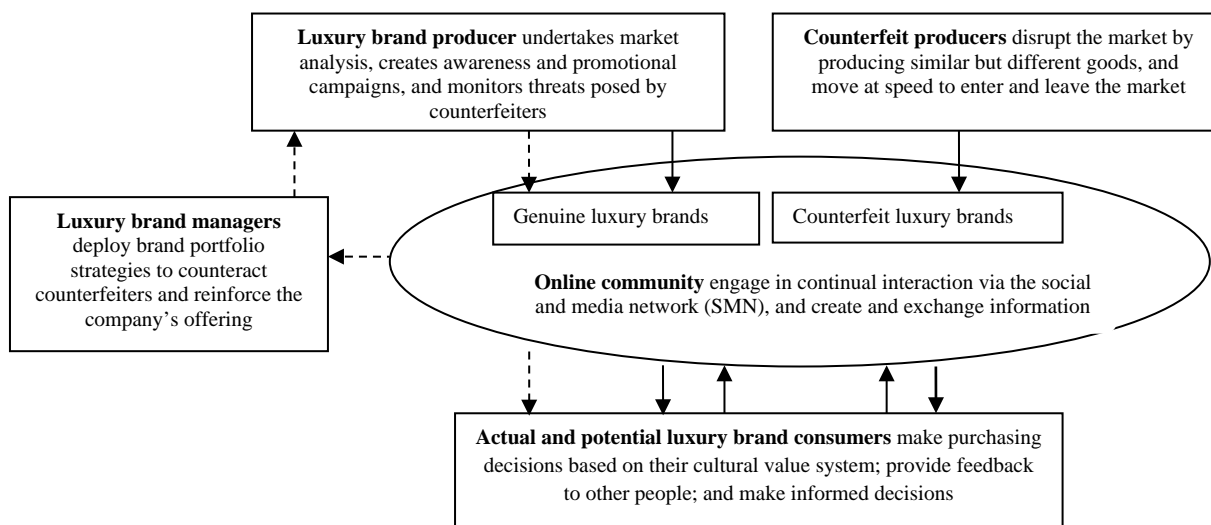
As regards ‘argument-driven’ persuasion in relation to Internet mediated communication, it is useful to understand how people nurture and develop knowledge, and process information in a systematic manner (De Meulenaer et al., 2015). A key point to note is that the Internet is facilitating the development of products that contain sensors that collect data and have actuators built in that transmit the data collected (Hoffman and Novak, 2018). The flow of data and information is occurring across digital infrastructures and comes into contact with people at various interfaces (Ramaswamy and Ozcan, 2018). Computer apps are being developed that allow the producer of a product (platform provider) to be matched with actual and potential consumers via a peer service provider and is giving rise to what has been called

collaborative consumption (Benoit et al., 2017). Buyer-seller interaction has been facilitated by social media, however, Park et al., (2018, p.9) suggest that if brand managers of luxury products rely too much on promoting the product through social media strategies, there might be a negative consequence in the sense that value perceptions will be undermined “because consumers may perceive the brands to be too accessible and approachable to everyday consumers”. A worrying point to note however, is that over 40 per cent of the crimes carried out on people living in the UK are Internet related (Miller, 2018). This is a point that brand managers need to be aware of because of the vulnerabilities associated with doing business online. In the future, online communities are expected to be influential in terms of sharing and exchanging information about their experiences with a brand and the type of customer service they are provided with.

Diagram 2 below depicts the cyber space environment within which a luxury brand interacts with online users and outlines the knowledge building process. Consumers can search for information relating to brands from the company’s website as well as from social and media networks (SMNs). SMNs not only provide opportunities for people to exchange information but also provide a platform for people to create a dialogue and assert their views. This can be seen as not only how people build their knowledge of a brand, but also how they form and shape their attitude for example. The knowledge building process can be expanded and used by brand managers, and placed in the context of a brand portfolio strategy. Hence, brand managers need to understand how information relating to a brand is communicated between individuals, and what form this communication takes. This requires that brand strategies are underpinned by up-to-date market intelligence, which also includes identifying rogue sellers (Mages and Kubic, 2016). By acknowledging the fact that counterfeiters are likely to become more sophisticated in the years ahead, brand managers need to form trust based partnerships

with staff employed by intermediaries so that they can deal more effectively with the risks that materialize and also, engage more fully with law enforcement personnel when required (Wilson, 2017). By adopting a pro-active approach to risk assessment, senior management can adopt a brand-integrity management policy and implement a brand-protection programme (Wilson et al., 2016).

**Diagram 2: Knowledge Building - The cyber space environment within which a luxury brand interacts with online users**



## The growing importance of the Internet

### *Online communities and information search behaviour*

The Internet is viewed as a social networking and information search medium (Seyedghorban et al., 2016). It can be considered instrumental in transforming behaviour vis-à-vis how consumers interact with companies and other consumers (Leung et al., 2013; Wolny and Mueller, 2013). The Internet is a multi-dimensional channel that allows companies to market their products directly to consumers (Okonkwo, 2009), however, there are noticeable pitfalls in terms of illicit products being made available (Mages and Kubic, 2016). With regards to online customer experience, three strands of research are evident: website quality; online customer

behaviour; and online service experience (Rose et al., 2011). Trust and risk are important factors because marketers need “to understand the experiential state of customers and the responses they are likely to generate” (Rose et al., 2011, p.25). Viewed from the customer’s perspective, risk needs to be viewed in terms of whether the product performs as expected (Pueschel et al., 2017).

The online behaviour of “millennials” (born in the period 1980 to 2000) (Young and Hinesly, 2012, p.147; DeVaney, 2015) is different from previous generations due in part to the fact that they are known to adapt, embrace and utilize new technologies (Eastman et al., 2014) such as the smartphone, and use such devices in their daily existence. They are confident and self reliant, embrace change and diversity, are closely connected with family and social organizations, and expect to have immediate access to information (Young and Hinesly, 2012). Johnson (2016) indicates that millennials are less trusting about the information made available by the company about its products than their parent’s generation; and are more likely to go online to find relevant information about products. In addition, they are considered to be less loyal but are more tolerant, open-minded, and environmentally conscious (Johnson, 2016) than previous generations, and view social media from a pro-active stance. Consumers, we are informed, are highly goal oriented when it comes to shopping and searching online (Seyedghorban et al., 2016), and actively exchange information via social and media networks (SMNs). Indeed, one of the main motivators appears to be that millennials make social comparisons and this is the main driver in terms of them joining social networks (Eastman et al., 2014). This is an important observation because as Ko et al., (2017) explain, consumption motivation is influenced by the inferences and perceptions of those individuals they relate to/aspire to associate with.

Through the interactions of seeking and providing post purchase experience of a brand, individuals identify with online groups in terms of social belongingness. According to Woodall

and Colby (2011), there are four reasons as to why SMN appeals to consumers. These are: satisfying an impulse; express and sharing; searching for advice; and finding people who share similar interests. Brand managers need to be aware of how and why the target audience share information. Leban and Voyer (2015) have raised a number of interesting points regarding online communities. For example, in their study on the high-power and low-power status of luxury consumers, they concluded that high-power members join online luxury consumption communities in order to display their ownership of extensive collections, and this is symbolic of their power; and thus attracts ingratiation. Such behaviour displays self-confidence, assertiveness, and relates strong/high self-esteem with self-actualization.

Sixty-five per cent of adult Internet users in the US use a SMN, and this has contributed greatly to changes in communication methods and style (Madden and Zichuhr, 2011). SMN platforms include content communities, blogs, Instagram, Facebook, Twitter and bulletin/forum boards for example, which allow consumers to become more interactive in real time. This change in style and method of communication requires brand managers to think deeply about how interactive relationships with customers are built and maintained (Cooke and Buckley 2008; Gruner et al., 2010), and how they should review the user-centric perspective (Constantinides and Fountain 2008). As some consumers make a conscious decision to purchase an illegitimate good as opposed to a genuine good (Rizwan et al., 2014), brand managers need to develop a comprehensive understanding of how individuals make decisions; and how they can counteract pro-counterfeit behaviour by relating to how the different attitudinal functions (e.g., social, ego-defensive and knowledge) interact with each other (Sharma and Chan, 2017). Reflecting on the interactive nature of the Internet, we pose the following proposition:



Proposition 1: Observing Internet/SMN activities enables brand managers to understand why consumers purchase counterfeits in terms of their motivation, and how they build and utilize knowledge.

*Global branding, positioning and managing a brand's reputation and knowledge*

In the discussion about creating global brand values, Steenkamp (2014) places a brand into one of four different types of category: (i) premium brands that are highly priced and deliver emotional benefits, and the unique selling point is superior product performance; (ii) prestige brands are highly priced (to exclude/to be selective), but deliver unique emotional benefits on key aspects that are associated with COO (country-of-origin) or the provenance of a founder and the creation of a myth to evoke aspirational value; (iii) fun brands, also inherit and deliver emotional benefits, but are priced low to be accessible to those who have fun in mind. The brand can be replaced easily by other products that are trendy, new, offer excitement and allow people to express modernity and are related to global identity; and (iv) value brands, which are based on the notion of delivering best-value in terms of a price-quality combination (i.e. brands viewed as functional and low in price). Based on these four different categories, brand managers need to consider what the relative price of the brand is vis-à-vis the characteristics outlined and/or the key differentiating benefits (e.g., privilege, evoking aspirational value, trendy and exciting). The concept of 'price versus differentiation' relates to the marketing strategy that is deployed, and calls to attention how "differentiation" is perceived in the context of diverse consumers and competing products.

As regards the categorization of consumption behaviour, Han et al., (2010) suggest that consumers fall into one of four groups regarding how individuals reflect on the conspicuousness of a brand mark or logo that is congruous with their wealth and need for status, and explain why people demonstrate (in)conspicuous luxury brand consumption. The four groups are: (i)

“patrician” – significantly established wealthy individuals who do not need to demonstrate their status through conspicuous brand consumption; (ii) “parvenu”, who are newly significant rich individuals and who crave status through conspicuous luxury brand consumption; (iii) “poseur”, are highly motivated to consume conspicuous luxury branded goods for status, however, unlike the “parvenu” group, they cannot afford authentic luxury goods due to financial limitations/constraints and yet individuals in this group wish to be associated with the “patrician” and/or “parvenu” (who have) group and dissociate with the have-nots; and (iv) “proletarian”, who are less affluent, less status conscious and do not seek association with any other group. Their research findings indicate that “patrician” members have sufficient knowledge about luxury brands and are more likely to purchase a luxury brand and signal to other “patrician” members their intent. The members of the “parvenu” group have some knowledge about luxury brands and are more likely to purchase a louder luxury brand (i.e., display a clear and bigger brand name) as they wish to signal that they are rich and are associated with the “parvenu” group and the “patrician” group and at the same time try to send signals to the “poseur” group that they are different from them. This confirms why people purchase branded products and how they use brand recognition in a social context (Wilcox et al., 2009).

Research has shown that individuals like to be associated with a group of people that occupy a higher social position and/or richer than they do or have the same level of financial standing. A consequence of this is that individuals engage in conspicuous luxury brand consumption. For example, Butcher et al., (2016) suggest that consumers of luxury brands are intent on psychologically connecting with luxury brands as they provide an emotional context from which they derive fulfilment. High-status seekers/materialistic consumers view the purchase of a luxury good as their ability to communicate their identity to others (especially those that they

aspire to be accepted by) and thus improve their image (Hudders, 2012). By establishing a premium image, brand managers can set a high price as it is perceived as being a luxury product (Keller, 2009). The “poseur” group is prone to purchase counterfeit items in order to be accepted by their aspirational group. The level of exposure to other brands and an individual’s disposal income, need to be taken into account by brand managers when devising a brand strategy, especially when they are planning to enter a developing country. This is because the actual level of aspiration may exceed the expected level of anticipation; and this provides an opportunity for counterfeiters. As well as affordability and lack of consumer awareness of the difference between a real brand and a counterfeit, brand managers need to think through such issues as availability, accessibility and what constitutes the fun/prestige dimension.

The work of Wilcox et al., (2009) relating to why consumers purchase counterfeits suggests that functional theories embroil multiple functions serviced by attitudes. For example, when individuals have a “social-adjustive” attitude, they respond favourably to a brand that has a certain image that they wish to project in a social setting in a particular way. Also, consumers are more responsive to the message that promotes intrinsic aspects of products (e.g., quality and/or reliability) when they hold a “value-expressive” attitude as they decipher underlining ‘own’ values and dispositions. We can deduce, therefore, that when a consumer purchases a counterfeit product, it is not simply for a price advantage, but relates to how it serves an individual’s immediate needs and/or fulfils their self-presentational goal. According to Rizwan et al., (2014), people purchase counterfeit mobile phones not only because of the price charged for the product, but also because of the consumers’ previous experience and the associated social influence.

As regards consumers' confusion about fakes, some counterfeits are deceptive (Priporas et al., 2015) and are steadily improved through time. Disguised packaging also contributes to the confusion as potential customers are not able to distinguish a copy from a genuine product (Wilke and Zaichkowsky 1999; Wilcox et al., 2009). With respect to information susceptibility, Phau and Teah (2009, p.22) put forward a view: "that consumers who rely on the expert opinion of others to purchase products would be less inclined to purchase counterfeits of luxury brands". It has been suggested that online luxury consumers place trust in online customer reviews (Liu et al., 2013) and this is an important point to note. Given the fact that some consumers have relatively limited exposure to various types of luxury brands, brand managers need to pay careful attention to how they can raise the awareness of non-genuine goods and assist potential customers to increase their ability to distinguish between them. Bearing these points in mind, we pose the following proposition:

Proposition 2: Marketing Intelligence (e.g., observation of Internet activities) relating to purchasing behaviour enables brand managers to devise various/different brand strategies that deter counterfeiters.

#### *Branding, SMN and knowledge development*

It is suggested that a global brand provides superior brand equity compared to a local brand (Zou and Volz, 2010), and consumers often view owning a global brand from the stance of quality, prestige and being part of a global community (Roy and Chau, 2011). Hence, brand managers need to be aware of the role that cultural values play. For example, some people wish to demonstrate their achievements by purchasing globally recognized and expensive products while others may purchase a unique and rare product that is not widely available to those in their social peer group. Brand loyalty is representative of the attachment a customer has for a brand and is influenced by their experience of it (Liu et al., 2012). Furthermore, if a sub-brand is to be introduced in several markets, brand managers need to take into account whether an individual

brand is to be made more prominent than the parent brand because this will have repercussions in terms of which brand becomes dominant (Keller, 2009) and the overall influence it has on the organization's marketing strategy. A positive customer-brand relationship requires brand managers to understand better the knowledge that customers have of their brand and how they bond with the brand (Hennings et al., 2013).

According to Alden et al., (1999), the perception of the globalness of a brand is related to utilizing some of the elements (e.g., brand name, symbols, themes, brand logo and a spokesperson) in marketing communication activities and to create a high recall memory. However, more clarity is needed as regards how or which of these elements of a brand is more influential vis-à-vis consumer perceptions. De Meulenaer et al., (2015) carried out research regarding which cues are more influential with regards to forming a global brand perception based on semiotic theory in advertising (three types of cues including language, aesthetic styles and story themes were studied) that could be associated with antecedents of consumer perception in either global or local terms. They suggest that advertising copy contributes strongly to perceived brand globalness across product categories (as does Taylor 2005, 2007). Brand logo and the actions of a spokesperson (which are peripheral cues) are important elements for the product with respect to low-involvement products; and brand name (which can be considered as a central cue) is a more influential element with respect to high-involvement products. Although the findings are of interest, the difference between high involvement and low involvement products is not clear in terms of whether the type of product and its price (e.g., the level of complexity associated with the product); or some sentimental appreciation incorporating image and positioning is the most important element. Another aspect raised by De Meulenaer et al., (2015) relates to printed advertisements (one-way communication) and which of the symbols is more influential vis-à-vis consumer perception. On reflection, it would have been useful for

the authors to have compared how a brand competed with other brands in the same market sector. Bearing in mind the above, an additional proposition is cited:

Proposition 3: By understanding how consumer perceptions are formed, brand managers will be able to devise a sustainable brand portfolio strategy.

### **Methodological approach**

The aim of the research was to explain how millennials utilize their knowledge when responding to emotional needs vis-à-vis purchasing counterfeit products. The research focused on how brand managers utilize the knowledge function to devise a brand strategy that reinforces a luxury brand's reputation and counteracts the actions of counterfeiters. We considered the line of inquiry appropriate as it required us to provide insights into how millennials justify their actions in terms of purchasing counterfeits and also, it provided a basis upon which brand managers could utilize the knowledge function to deploy a brand strategy and/or counteract the actions of counterfeiters. We decided it appropriate to adopt the naturalistic approach to data collection. This was because we wanted the participants to provide insights into the subject matter (Patton, 1990) by describing their thoughts in their own words. Furthermore, we used the inductive analysis method because it represents "a systematic procedure for analyzing qualitative data in which the analysis is likely to be guided by specific evaluation objectives" (Thomas, 2006, p.238) and is known to possess several other advantages: raw textual data can be reduced down into summary form; a link can be established between the research objectives and the summary findings; and a framework can be developed outlining the underlying structure of the experiences of the participants.

We also reflected on the advice provided by Van de Ven (2007) and Ringland (2006), and took into account the trends identified in the literature relating to purchasing counterfeits vis-à-vis the issues and challenges confronting brand managers. We considered it important to identify a broad range of challenges (Wilson, 2017, p.274) but to remain focused and concentrate on specific current issues that would be of relevance to brand managers.

A qualitative oriented research strategy composed of two distinct phases was adopted: a small group interview and a survey. First, a small group interview was undertaken with academics and industry experts to establish the factors regarding consumers' intentions to purchase counterfeit products. Because counterfeiting represents a sensitive topic and access to knowledgeable individuals requires careful planning and is sometimes aided by gatekeepers, we followed the approach adopted by Wilson et al., (2016) and decided to identify a small group of experts (eg.,purposive sample) and to work closely with them. The small group interview was composed of four experts: two from academia (both of whom had industrial experience) and two from industry (both of whom had more than 5 years industrial experience). The industries that the participants had work experience of were banking, consumer electronics and clothing and textiles. They had direct experience of the luxury goods sector and were familiar with counterfeits and pirated products; and the impact such goods had on the sector. The main benefit of engaging with industrialists is that they possess operational knowledge of the subject matter (Sinkovics and Penz, 2011). The interview was informal in nature, of forty-five minutes duration and was audio recorded with the agreement of the participants. The main question addressed was: what are the circumstances determining why people buy counterfeit goods? Additional open-ended questions were posed and covered a number of topics relating to: luxury branding; the development of a brand strategy; and how marketers can protect a luxury brand. The

objective of the small group interview was to provide feedback and ensure that the survey questions were appropriate and had topical relevance. The guidance provided by Bulogurcu et al., (2010) was followed and we reviewed the initial measurement items through a process of continual refinement.

The interview method allowed the researchers to think systematically about the constructs and causal conditions (Strauss and Corbin, 1990), and define the focus of the research in terms of explaining how brand managers utilize the knowledge function to devise a brand strategy that reinforces a luxury brand's reputation and counteracts the actions of counterfeiters. In order to deter counterfeit purchasing behaviour, it is important to understand not only what motivates people but more importantly, how individuals obtain information and use the information to select a particular brand. In other words, how the knowledge function (which includes finance and emotion) is associated with the attitudinal function that interacts with other functions (e.g., social and ego, especially) and provides justification about the decision that is made. The thematic findings from the small group interview were: the perception of peers in terms of an individual purchasing counterfeits; brand piracy and the damage caused to established brands; purchasing online and the influence of grey markets; and legal and ethical issues. The findings provided the basis upon which the research questionnaire was developed, and later piloted to make sure the wording of the questions was appropriate (Wolny and Mueller, 2013). This approach had the advantage of the questions being derived from the knowledge of the experts involved in the small group interview and also, the literature upon which the discussions were based (Wilson et al., 2016).



The researchers attended various industry networking events in London during a three-year period and explained the nature of the research to potential participants. A total of 100 individuals agreed to participate in the study. The survey questionnaire, which was mostly composed of open-ended questions, was distributed on three separate occasions. The questions allowed the respondents to describe their thoughts by using their own words and offer appropriate detail and depth. The main areas covered in the survey were: (i) the attitude and behaviour towards counterfeits; (ii) their peers' attitude and behaviour towards fakes; (iii) whether people felt safe buying online; and (iv) the ethical issues confronting consumers. More specifically, the topics covered related to various aspects of: (i) buyer behaviour; (ii) lifestyle; (iii) searching for product information; (iv) the perception and purchase of counterfeit goods (the self and others); (v) brand piracy; (vi) shopping on-line; (vii) legal issues and problems associated with counterfeit goods; (viii) post-purchase behaviour; (ix) recommendations relating to shopping on-line; (x) grey markets; (xi) sellers' pricing strategy; (xii) luxury brand perception; and (xiii) demographic criteria. The questionnaire was composed of 23 open ended questions and convenience sampling was used. The respondents completed and returned the questionnaire the same day that they received it. The last question in the questionnaire allowed the respondents to reflect on the topics covered and if they wished, provide additional information they considered important. A strict ethical code of practice was adhered to and those completing the questionnaire were informed about their rights and the fact that their identity would be protected.

In our analysis of the small group interview transcript we used thematic analysis and as regards the completed questionnaire, we identified words and expressions, and used frequency analysis in order to reduce the data down to a manageable size. By doing this, we were able to establish how individuals justify their decision to purchase counterfeits and how

they rationalise and defend such action. The findings from the small group interview and the survey were related back to the three propositions. The two-step research strategy approach adopted allowed the researchers to establish underlying conditions in the data (Patton, 1990). The objective was to provide brand managers with an in-depth understanding of how people's perceptions change towards counterfeits vis-a-vis experienced purchasing behaviour. Bearing this in mind, we addressed how brand managers should pay attention to building and reinforcing a brand's reputation when deploying a future strategy. This view is supported by Seyedghorban et al., (2016) who state that consumers make decisions based on their past personal experiences. Wojdyski and Evans (2016) also make reference to the fact that the consequence of recognition of perception is an important factor regarding brand reputation.

## **Research findings and discussion**

### *Results of the small group interview and discussion*

There was a general consensus that counterfeiting is widespread in certain industries and that if unchecked, immense damage will be caused to established luxury products or result in problems for luxury brands entering new markets. The results of the small group interview appear in summary form in Table 1.

**Table 1: Propositions and small group findings**

Propositions	Small group findings
<b>Proposition 1:</b> Observing Internet/SMN activities enables brand managers to understand why consumers purchase counterfeits in terms of their motivation, and how they build and utilize knowledge.	The fashion industry was considered to be at risk and two types of consumer were known to be vulnerable: people that possessed limited money and unknowingly purchased a counterfeit product; and overseas visitors that wanted a bargain.
<b>Proposition 2:</b> Marketing Intelligence (e.g., observation of Internet activities) relating to purchasing behaviour enables brand managers to devise various/different brand strategies that deter counterfeiters.	Brand managers can promote individual brands – either under an umbrella brand or as a distinct brand. Better market intelligence can allow the target audience to be identified more clearly based on their financial capability and also their motivation and behaviour.
<b>Proposition 3:</b> By understanding how consumer perceptions are formed, brand managers will be able to devise a sustainable brand portfolio strategy.	Brand managers need to think of how they can use market intelligence in order to understand the sensitivity to consumers of luxury brands by understanding better the target audience's motivations and aspirations towards luxury brand consumption.

One of the issues identified from the small group interview was that making ‘luxury’ products available to a wider market segment can be problematic. If a brand is accessed by a wider audience, it may result in the brand being diluted. This may be interpreted as the brand having less value as it loses its uniqueness and exclusivity and becomes perceived as accessible or a fun brand. This resonates with the view of Berthon et al., (2009), who advocate that ubiquity makes a luxury good less exclusive and as a consequence its uniqueness is diminished. The respondents considered that the consumers of a luxury brand may not be able to distinguish between a legitimate as opposed to an unauthorized supplier, and this would cause severe problems for brand managers, because of misunderstandings regarding what represents a genuine item.

In hindsight, it is essential for brand managers to adopt a pro-active approach to make existing and potential consumers aware of the fact that consuming counterfeits has a harmful effect on the industry and consumers themselves (Bian in Priporas et al., 2015). It should also be noted that the nature of retailing is changing and so is the approach to shopping, which is

going through a process of transformation (eg., Internetization). Online shopping is expected to increase because it offers luxury shoppers convenience, good deals and immediate product availability (Liu, et al., 2013). What is clear is that the consumption of counterfeits not only causes problems for genuine product producers, but also there are consequences for consumers as they may be prevented from purchasing the genuine brand of their choice and/or exposed to a possible health risk.

#### *Results of the questionnaire survey and discussion*

A total of 100 questionnaires were distributed in London over a three-year period and a 51% per cent response rate was achieved. The profile of the respondents is contained in Table 2. From the responses, it was clear that two age groups, 23 to 27, and 28 to 32, composed the most participants, representing 79% of the total (i.e. 47.1% and 31.4% respectively). The majority of the respondents were classified as professional people and 37% of the respondents earned £26,000 and above each year. As regards relating income level and categorization of consumption behaviour, most of the participants (the majority being in age groups 23 to 27 and 28 to 32), appear to belong to the “poseur” group (and a few were in the “parvenue” group) as defined by Han et al., (2010), and they knowingly purchase counterfeits.

Table 2: Profile of the Respondents

Age:		
	18-27	57.0 per cent
	28-37	35.0 per cent
	38+	8.0 per cent
Nationality:		
	British	35.0 per cent
	Italian	10.0 per cent
	Indian	6.0 per cent
	Colombian	6.0 per cent
	Spanish	6.0 per cent
	Portuguese	4.0 per cent
	Thai	4.0 per cent
	Zimbabwean	4.0 per cent
	American	4.0 per cent
	Other	21.0 per cent
Highest Formal Qualification:		
	Professional qualification	4.0 per cent
	Undergraduate degree	51.0 per cent
	Postgraduate degree	45.0 per cent
Occupation:		
	Administrator	8.0 per cent
	Professional	54.0 per cent
	Consultant	10.0 per cent
	Manager	24.0 per cent
	Other	4.0 per cent
Annual Income:		
	£25,000 and below	63.0 per cent
	£26, 000 to £40, 000	19.0 per cent
	£41, 000 and above	16.0 per cent
	Other	2.0 per cent
Most Frequently Purchased Counterfeits (ranked in order):		
	First:	Consumer electronics and related goods (eg., CDs and DVDs)
	Second:	Fashionable clothes
	Third:	Accessories (eg., handbags, jewellery, sunglasses, watches)
	Fourth:	Sports kits
	Fifth:	Perfumes
	Sixth:	Drugs
	Seventh:	Software

### *Propositions and survey findings.*

When considering proposition 1, one point that we wish to draw attention to is the aspect of sensitivity - how an individual makes a link between how they collect information about competing brands (including alternatives), and how they use the knowledge in conjunction with their affordability. The findings suggest that the influence of word-of-mouth among peers has a great impact on the decision to purchase counterfeits (Wilcox et al., 2009; Han et al., 2010;

Priporas et al., 2015;Schade et al., 2016), except, however, for those in the age range 38 to 42. Regarding an information search, individuals are regularly searching company websites, and seeking post experience knowledge relating to various brands via social media network platforms (64% of the respondents indicated every day or at least 4 times per week). As regards purchasing online, the “poseur” responded ‘often’ (43%) or ‘very often’ (24%). Interestingly, the age groups 18 to 22 and 33 to 37 did not prefer to shop online.

Based on the findings, it seems that it is the norm that young adult consumers use technology such as the Internet and social media networks to seek information and compare brands (e.g., price and appearance, for example) (Leung et al., 2013; Seyedghorban et al., 2016). In addition, individuals enjoy reviewing other people’s opinions of particular brands and take note of post purchase experiences, which provides them with a sense of assurance about their own decision making (Phau and Teah, 2009; Liu et al., 2013). Therefore, we refer to this group as the “informed poseur” group. This resonates with Jonson’s (2016) findings vis-à-vis consumers (millennials) are less trusting of information provided on a company’s website and seek reassurance about the brand from other users. This also suggests consumers are keen to take part in interactions with other people in their group via social media network sites. In other words, the “informed poseur” is proactively looking for a social-group that they can relate to, and be associated with (Madden and Zichuhr, 2011; Woodall and Colby, 2011; Leban and Voyer, 2015), and receive psychological assurance which boosts their self-confidence. Hence, the concept of relationship building and trust in terms of the quality of a brand and its reputation needs to be understood from the stance of how consumers continuously find a way to engage in a dialog with like-minded individuals (Cooke and Buckley, 2008; Gruner et al., 2010). This means that in order for brand managers to build a positive brand reputation with the “informed poseur”, they need to ensure that the product quality statement is accurate, the price charged is

viewed as fair, and the brand is perceived as unique and intriguing. The importance associated with product quality can be derived from the following quotations:

“I did not know they were counterfeited until I compared them with the real sunglasses from that brand. I needed sunglasses urgently”. (Respondent 1)

“My general view is that why purchase counterfeited goods when you can get the original/better quality. I dislike the idea of paying for fake goods”. (Respondent 40)

As regards proposition 2, one of the reasons why luxury brand producers enter international markets is to expand the product offering and reach out to potential buyers who are willing to pay the high price asked. Actual and potential consumers of luxury brands aim to achieve/satisfy their emotional needs and establish ‘self-construal’ and thus become more confident individuals (Leban and Voyer, 2015). They also express themselves (‘value-expressive’) or want to be accepted by their peer group (‘social-adjustive’) or both (Shavitt, 1989; Wilcox et al., 2009). However, brand managers may need to re-think how they define the target audience(s) as their potential customers may not be rich or possess sufficient knowledge about the brand. This brings to our attention the issue of how brand managers sensitize about how the potential target audience makes a trade-off in terms of affordability and risk in promoting their own image. The reason why brand managers need to give this adequate attention is because Francis et al., (2015) provide evidence to suggest that loyal consumers of counterfeits consider them to be a product category/brand in their own right. This is because buying and/or selling counterfeits is not considered to be a serious offence (Phau et al., 2009). In addition, Nia and Zaichkowsky (2000), found that the consumers of counterfeits were motivated by fun and the value derived from the purchase.

Seventy-one per cent of the respondents indicated that they knowingly purchase counterfeits and this was consistent across all age groups. The largest number of buyers that knowingly purchase counterfeits were in the age group 28 to 32 (93.9%) and this was followed by the age group 23 to 27 (79.2%). It is interesting to note that when we asked about the purpose of purchasing counterfeits, the participants said it was mainly for private use (49%) and home use only (41.2%) (Shama and Chan, 2017). The term “private use” and “home use only” appears to be interchangeable; however, the terms have slightly different implications. The term “private use” is used when participants think about their social setting and being with their friends (informal occasion) whereas the term “home use only” is to denote being with family members and very close friends. It appears that when people purchase a fake, they also take into account its usage and the social setting, as well as the potential response from other people. This supports the point made by Randhawa et al., (2015, p.2401) who state: “..individuals with a high need to create and reflect a unique personal identity are willing to go as far as buying a counterfeit product to fulfil their objective”, however, they consume a fake in a discreet manner and study the reactions of other people.

As regards financial limitations and the tendency to purchase counterfeits, the findings support the conclusions drawn by Wilcox et al., (2009) and Han et al., (2010). Of interest are the reasons why counterfeits are purchased. Although ‘value for money’ (33.3%) and ‘saving money’ (25.5%) were commonly cited, ‘superior appearance’ (fit with cultural aesthetics) (13.7%) was also cited. When the age groups were split, the age group 18 to 22 considered ‘saving money’ to be the most important consideration, and the age group 28 to 32 considered ‘value for money’ to be the most important factor. The age group 23 to 27 ranked ‘value for money’ and ‘saving money’ as equal first. From the above, what brand managers



need to pay attention to is why consumers do not purchase other affordable genuine (local) brands instead. It can be suggested that this happens due to social-adjustive and value-expressive reasons (Han et al., 2010) through consuming an item that has a luxury brand label on it. However, based on our findings, the main purpose of purchasing counterfeits is not for showing off in public, but mainly to satisfy emotional and psychological needs and to establish strong self-confidence (Reeve, 2009; Rizwan et al., 2014) through obtaining indirect experience of well-known brands. But as can be seen from the quotation below (Respondent 15), millennials are well informed about the quality of counterfeits and do not necessarily view them as inferior (Shu-Chen et al., 2006). Also, by relating a counterfeit to a certain country of origin, the consumers of counterfeits are relating “globalness” and “foreignness”, to prestige in the sense that the counterfeit is perceived to be of good quality. This can be interpreted from the view advocated by Steenkamp (2014). Consumers of counterfeits derive emotional benefits from the purchase and this boosts their inner need and raises their self confidence, and helps them to establish the identity they crave (Wolny and Muller, 2013). We argue that the ability to sensitize the tendency of group behaviour is important as this allows brand managers to find ways to influence the attitude of the (potential) target audience and is part of the market intelligence process. The information needed not only relates to a group of people and the group’s personality, but it also relates to the social context of why and how far individuals are prepared to go to own a luxury good (De Meulenaer et al., 2015; Leban and Voyer, 2015). The following quotation provides insights into why people purchase counterfeits:

“.. actually most people that I know, like fake handbags from abroad because they are so well made. Country X is now a good place to get them from and so was country Y until they got more strict”. (Respondent 15).

When we looked further at why individuals buy counterfeits, the age group 28 – 32 considers it is not only because of financial reasons but also there is a better fit with their ‘cultural’ value

system and a good brand reputation, hence we labelled this group as “Informed poseur-realistic”. The age group 23-27 considers mainly “value for money” and “saving money”, and then “maintain certain image” as reasons to justify their actions, therefore we called this group the “informed poseur-neo”. Although both groups share some common points, the “informed poseur-realistic” group appears to adopt a different view as regards what the ‘value’ is that is represented in such a purchase compared with the “informed poseur-neo” group. This may be due to the fact that this sub-group is more likely to think ahead about their own social and family life, and their commitments, and plan ahead accordingly. This presents valuable insights for brand managers with regards to developing a deeper understanding of the behaviour of the “informed poseur”; formulating a brand portfolio strategy (eg., sub-branding); and interpreting how the uniqueness of the value proposition should be communicated. This requires that brand managers adopt a pro-active approach tentatively to deal with complexity and uncertainty identified through marketing intelligence (Ashill and Jobber, 2014), especially when targeting consumers in a developing market (Hamelin et al., 2013).

In terms of proposition 3, understanding how millennials form perceptions of a brand, how they shop (online versus offline) and how they view the ownership of counterfeits is important because this will allow brand managers to develop customer profiles and known shopping patterns, and help them place customers into appropriate segments (Stottinger and Penz, 2015). From our findings, we deduce that millennials prefer offline shopping (54.9%) to online shopping (43.1%), which supports the findings of Smith (2012) and Veloutsou and McAlonau (2012). For example, people that prefer shopping in-store value aesthetic appeal, store trust and customer service, as well as the shopping experience itself and the power they exert (Liu et al., 2013). As regards whether the respondents felt safe shopping online, the single most important reason given was that the Internet allowed people to search for a range

of products in a short period of time (33%), and this meant it was possible to get a good deal. This was followed by an attribute, they had a high level of computer skill (16%), and information gained via the Internet is reliable (12%); and do not have time for shopping (10%). With respect to the information gained from the Internet, brand managers need to be aware that possibly the most important source of information is from existing customers, who provide feedback and ratings. This finding supports the research outcome of Liu et al., (2013). As regards authenticity, Starr and Brodie (2016) argue that external evidence in a way of information helps consumers to make judgements about the attributes of a genuine offering. A positive perception of the brand has to be viewed alongside the purchase meeting specific needs (eg., functional and emotional satisfaction) but it is important to remember that consumers make trade offs (Wiedmann et al., 2012). Because of this, a brand strategy needs to be flexible and viewed as interactive, customer centred and supportive of the brand's authenticity. Generally, people felt safe shopping online, and partly this was related to an individual's life style and their level of computer knowledge. Reasons given as to why it may not be safe to shop online included a wide range of issues such as the role of organized crime (20%), personal loss (22%), financial damage (22%) and damage to a brand (18%), which was especially noted by the age group 23 to 27. In relation to online purchasing and emerging grey markets, 39% of the respondents considered that by promoting a luxury good online it actively encouraged the development of a grey market. Also, just under half of the respondents considered that discounting on the Internet and the sales of replica goods caused problems for a proprietary brand producer.

As regards how they know that counterfeits were on offer, reference was made to price (as indicated by 33% of the respondents); the type of packaging used (18%); and the location of the seller (17%). This suggests that individuals have knowledge about the price of genuine

brands, packaging and possible distribution channels for example. Individuals appear to have knowledge of global brands as opposed to local brands or unknown brands (Zou and Volz, 2010). The reason why the respondents purchase counterfeits is due to their desire to experience a global brand indirectly, as well as a sense of being part of a global brand consumer community as it represents prestige (Roy and Chau, 2011), and allows an individual to distinguish themselves from local brand consumers. The following quotations make reference to the risks of shopping online:

“Shopping online has great benefits, such as a lower price and the availability of products that are no longer in the shops. The risk has more to do with giving credit card details away, and unknown firms not being reliable”. (Respondent 1)

“When I choose online shopping, there is always a bit of anxiety about whether the company I am buying from will keep my information safe. But at the same time, online shopping has become such a fact of life now that I somehow trust government regulations to a certain extent”. (Respondent 35).

The participants were aware that purchasing counterfeits involves ethical dilemmas and legal issues. However, people purchase counterfeits because it represents value for money, allows them to save money, and importantly, allows them to satisfy their psychological desire. They appear to seek other people’s views relating to the use of counterfeits, and individuals substantiate their actions by interpreting the actions of other people as well as searching for further information in order to make post-purchase comparisons (Eisend and Schert-Guler, 2006). This is because the ethical aspects are related to how an individual wishes to maintain self-esteem as well as uphold their self-morality. Having said this, it seems that counterfeits are perceived as being of superior appearance (they resemble the genuine item) and are often of better quality compared to an un-branded item (Wilke and Zaichkowsky, 1999; Shu-Chen et al., 2006; Roy and Chau, 2011). Hence, when brand managers deploy a sub-brand strategy, they should also take into account how the brand will help individuals to uphold their self-

morality as well as maintain their self-esteem. By a brand being able to satisfy these considerations, it will most likely remain sustainable. The following quotations provide evidence of the ethical considerations associated with shopping online and also, the variance that prevails:

“Legal issues, products are protected by patents, buyer and seller can be prosecuted. If we purchase counterfeit products, we are encouraging the black market to flourish and deprive individuals/firms from their rightful profit and recognition”. (Respondent 5)

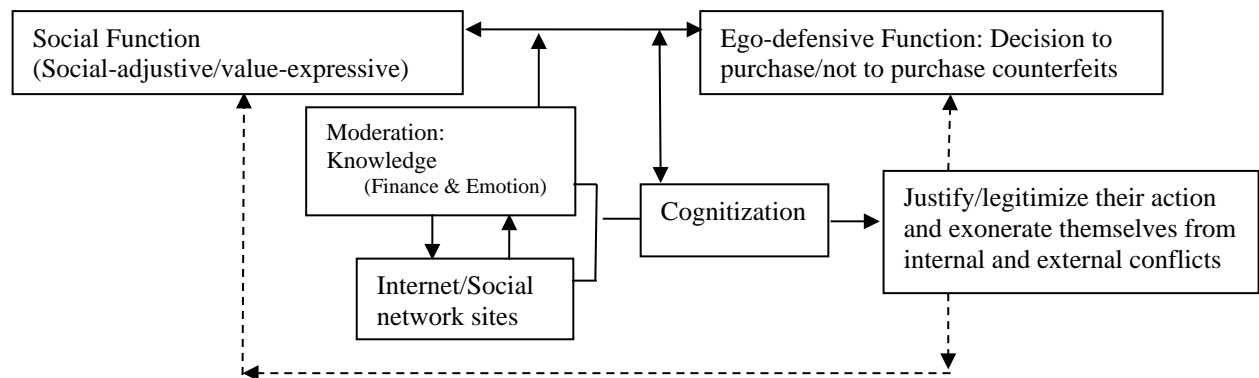
“There is an intellectual property, copyright and trademark issue, but in ethical terms I am not worried. Some brands are very expensive and still have their production in Country Z! I think it is rather unethical for a company to have such profit margin than to buy counterfeit goods”. (Respondent 30)

## **General discussion**

We explain in the paper: (i) how the knowledge function of attitude influences an individual's intention to purchase counterfeits; and by doing so, (ii) address how and why brand managers can utilize the knowledge function when devising a brand strategy. Based on our findings, in order to maintain (or expand) the reputation of a luxury brand, brand managers need to understand not only the motivations as to why individuals want to purchase a luxury brand and what inspires them to do so, but they also need to reflect on the issue of affordability; more importantly, how individuals use cognitized knowledge about brands as well as the perception of their peer group's view about counterfeits when making a purchasing decision. This is because individuals are influenced passively by ‘the outer social process’. Hence the “informed poseur”, before making a purchasing decision, proactively looks into what is going on in ‘the outer social process’ via SMNs and relate to their ‘inner mental process’ and their desire (Leung et al., 2013; Leban and Voyer, 2015; Johnson, 2016). We can deduce from this that individuals, therefore, position their ‘self’ in a societal context that relates their identity to an appropriate set of cultural values, and a specific in-group.

We constructed Diagram 3 from our findings and it shows how consumers proactively search and exchange information and views using the Internet and SMNs. By exchanging information, the “informed poseur” goes through the process of cognitization, and evaluates information obtained during various stages of the purchasing process. They also learn how other people adjust their view and find ways to legitimize their counterfeit purchase actions. The reason people justify their action of purchasing fakes is to reduce their internal conflicts as well as maintain self-esteem (Eagly and Chaiken, 1993). Through the process of continually updating information on brands and other people’s views, individuals go through a process of refining their thoughts, attitude, and behaviour in terms of legitimizing their purchasing actions. From the above, we purport that the “informed poseur” is becoming realistic about the current economic climate that affects them and their family’s current (and future) life style. Indeed, they use their skills to access information from the Internet, reflect, and theorize based on their rational knowledge deduction process regarding price versus quality and value; relate brand value with social status; and consider assertiveness versus passive reaction towards others. The “informed poseur” is a newly defined group, who possess the capability to evaluate information independently, and reflect on trends, use up-to-date information to support their reasoning, and make rational decisions. This, we assert, reflects different mental attitudes from those identified in existing studies of attitudes.

**Diagram 3: Elaboration/Extension of the basic conceptual framework: the use of the knowledge function**



With respect to which aspects of the social function (social-adjustive and value-expressive) are more/less related to purchasing counterfeits, it appears that, the “informed poseur-neo” group tends to focus more on the “social-adjustive (self-presentation)” dimension as opposed to the “informed poseur-realistic” group, which is inclined to be more “value-expressive (self-expressive)” (Shavitt, 1989; Wilcox et al., 2009). The “informed poseur-neo” group has a great awareness of the value of a luxury brand, and is keen to own it and be admitted to the in-group they aspire to be associated with. The findings are useful to brand managers because they will help them understand how a brand should be postured from an added value perspective.

As discussed above, affordability has to be looked at in terms of the current economic situation and how this affects the target audience’s purchasing behaviour in conjunction with their life style, sense of economic security and (family) commitments. Although some millennials can afford to purchase a luxury brand, they are careful about how much they spend on a particular item because they have high levels of expenditure (e.g., living costs). Also, millennials are well informed about the different types of luxury brands on offer in terms of reputation (e.g., brand value), quality and the speed at which items come into and go out of fashion. In relation to the economic situation, one of the points that emerged from the findings was that young graduates

are worried about job opportunities and their own economic security, which is still the case in the UK. Also, it was evident that those that participated in the survey were connected via SMN and exchanged personal information about their situation (eg., their worries and concerns) with other members of their social group. This, we feel, backs up the claim by Johnson (2016), mainly the socio-economic situation confronting millennials together with how they are influenced by their peers in terms of attitude towards purchasing counterfeits determines how they allocate their finances in terms of “enhancing image”.

As regards implementing a brand portfolio strategy with respect to sub-branding, it is important that brand managers bear in mind the fact that consumers are knowledgeable about the brands in the marketplace as well as keen to express their views via SMNs. With reference to Diagram 2, the cyber space environment within which the luxury brand interacts with online users, in order to counteract the actions of counterfeiters, it is important that brand managers reflect on how millennials legitimize their purchasing decisions, and - how they cognize information and utilize knowledge, as outlined in Diagram 3. This should help brand managers to devise a brand strategy that responds to the market but also counteracts the actions of counterfeiters. Also, knowledge relating to how local consumers define what a luxury brand represents, and how they distinguish one brand from another (e.g., ‘premium’, ‘prestige’, ‘fun’, and ‘value’ brands) needs to be developed through time. If a luxury good is purchased for reasons of ‘prestige’, then the value of the brand is normally associated with materialism, which is symbolic of success. However, individuals may wish to show their success in different ways, possibly by being considered unique and distinct from others (exclusivity) (Wilcox et al., 2009), and this reflects their social values.



One of the key aspects as to why millennials heavily use SMNs, is to identify like-minded individuals that they can share information/views with (Woodall and Colby, 2011). The online community concept is creating a form of social belonging that provides individuals with psychological confidence once they are accepted into the social group. When consumers look for information on price versus value, they also consider issues of fairness, and expand this into a new view such as brand ethics (Leban and Voyer, 2015) from the stance of how a brand can assist them to achieve their own self-confidence. This is an important aspect that brand managers need to pay attention to vis-à-vis how they can build a sustainable brand relationship with the target audience throughout their life span. Creating and reinforcing the ‘fun’ element/dimension for example, can result in additional market coverage as various sub-brands are priced and positioned accordingly. Some critics may argue that this will dilute a luxury brand, hence, it is important to analyse social issues, economic and industry trends, and undertake a risk assessment that takes into account current and future purchase behaviour.

The intention to create a ‘fun’ culture may be linked with boosting an individual’s self-confidence. Should this be the case, satisfied customers can share their experience and brand knowledge with their peer group and generate a buzz factor. Sharing information and experiences allows millennials to remain connected and express their own view (Gruner et al., 2010; Seyedghorban et al., 2016). This should create and nurture a momentum for the consumption of a luxury brand whereby knowledge and experience are exchanged and at the same time individuals raise their own profile and be seen as high-powered and influential. This can be perceived as facilitating access and acceptance to the in-group they aspire to join (Leban and Voyer, 2015).

## **Conclusion and future research**

Online consumer communities (Pitta and Fowler, 2005) provide market intelligence by interacting with the company and brand managers can identify the gap between what an individual can afford and the desire for an individual to either adjust or express their values in a social context through a specific purchase. Information obtained from online sources regarding purchasing intentions and outcomes can help brand managers to communicate the qualities of the brand(s) via bulletin boards for example. Microblogging is also considered to be useful in emerging markets as it can facilitate in-person transactions (Mages and Kubic, 2016).

When brand managers develop a brand strategy for new markets, they need to take advantage of the globally established brand, and at the same time, ensure that they do not dilute the established brand. Hence, the brand strategy that they can use is an associated/sub-brand strategy and this should be reflected in the overall brand portfolio strategy vis-à-vis positioning to take into account different market environments (Hamelin et al., 2013).

A new brand strategy should take into account the morality of the consumer, and how a current/potential consumer can reorient their purchasing decision(s) away from a counterfeit product. Price and brand association are key factors and can be interpreted in terms of how educated/informed individuals evaluate the relationship between value-affordability-fairness from various perspectives (e.g., price, contribution to social welfare as well as psychological value). However, in the case of luxury brands, social referencing and an individual's self-importance are known to influence purchase intent (Vigneron and Johnson, 2004). Brand managers should we feel understand the consequences of this and devote additional attention to making consumers more aware of the threats posed by counterfeit products and how they can be less susceptible to them (Wilson, 2017). First, however, they need to establish the

degree to which counterfeiting is affecting their industry and more specifically, the company's products (Wilson and Sullivan, 2016).

With regards to how social functional theory helps brand managers understand in-depth counterfeit purchasing behaviour, based on our research findings, the knowledge function of attitude is important as it interacts and influences other functions. From this study, it is seen that the knowledge function is utilized by millennials in order to moderate their counterfeit purchasing behaviour and also to legitimize their actions. In this context, it should be noted that the knowledge function is not static, but vacillates an individual's attitude towards counterfeits. This needs to be recognized by brand managers if they wish to change the attitude of the potential target audience. They also need to understand not only what motivates and constrains potential consumers, but more importantly, how the motivational cues are changing and being justified. A proactively managed interactive relationship with customers can be viewed as creating a sense of co-ownership of the brand. This can be achieved through a well crafted brand strategy that emphasises product originality and distinctiveness (Hamelin et al., 2013). In addition, counterfeiting awareness programmes and marketing campaigns can be made available to consumers and potential consumers of luxury brands so that the harmful effects and consequences of purchasing counterfeits is made clear. Consumers can be grouped according to the degree of counterfeits they own (Stottinger and Penz, 2015) and messages can be tailor made to influence each group accordingly. Communicating the risks associated with consuming counterfeits is a gap to be filled and has been recognized by a number of researchers including Gistri et al., (2009), Phau et al., (2009), Bian and Moutinho (2011), Stottinger and Penz (2015), Bian et al., (2016), Kaufmann et al., (2016), Marticotte and Arcand (2017), and Pueschel et al., (2017). It can also be suggested that more research needs to be undertaken into the construct trust and how counterfeiters erode the trust that consumers

place in luxury brands (Green and Smith, 2012). Also, cross-cultural research (Bian and Veloutsou, 2007; Liu et al., 2012) can be undertaken to establish how cultural value systems are influenced by counterfeit purchasing behaviour and country-of-origin effects. This brings to the fore, the ethicality of counterfeit consumption (Tan et al., 2014) and the legal issues (Aribarg et al., 2014) that need to be addressed by the various stakeholders in the global community.

We acknowledge that the study has limitations and are of the view that the samples used can be considered small (Wilson et al., 2016). However, the approach adopted reflected the sensitivity of the topic and the fact that eliciting cooperation was a major consideration (Wilson et al., 2016) that was revisited on a number of occasions. Notwithstanding, we hope this study encourages researchers that are interested in the topic to undertake research into what is a complex and fascinating area of inquiry.

Park-Poaps and Kang (2018) make reference to the fact that various methodological approaches can be adopted to identify the influences of attitude that underpin counterfeit purchase intentions. Bearing this in mind, it would be useful, we feel, to undertake an in-depth study of how the knowledge function acts as a moderator in terms of adjusting attitudes and behaviour in relation to the purchase of counterfeits in comparative cultural settings to establish how the knowledge function influences cultural value systems and risk perception. With reference to the latter, research can be undertaken to establish how brand managers can use risk analysis to better underpin the brand management strategy process as this would build on the work of (Wilson, 2016). Researchers can if they wish, differentiate between luxury and non-luxury products and undertake research of an inter-disciplinary nature as this represents an opportunity to connect disparate areas of knowledge. In addition, more research can be undertaken to establish the strategic advantage(s) to be derived from broad based

educational programmes that help strengthen the initiatives of government, leading international institutions and law enforcement agencies (Wilson, 2017) in terms of developing more effective cross-border, counter-counterfeiting policy (Wiedmann et al., 2012).

### **Acknowledgement**

The authors of this paper are appreciative of the comments provided by the reviewers of earlier drafts of the paper submitted for publication.

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